

Message Text

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43

ACTION EUR-25

INFO OCT-01 ISO-00 XMB-07 TRSE-00 OMB-01 SPC-03 CIAE-00

INR-10 NSAE-00 RSC-01 L-03 DRC-01 EB-11 SS-20 SSO-00

INRE-00 /083 W

----- 129044

O R 181127Z MAR 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC IMMEDIATE 8140

INFO USDOC WASHDC

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

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EO 11652: N/A

TAGS: EFIN, PL

SUBJECT: EXIM BANK SUSPENSION ON TRANSACTIONS WITH POLAND

REF: (A) WARSAW 1427; (B) STATE 51715

DPEARTMENT PASS TO EXIM

VIENNA FOR GEORGE DIETZ

1. JAN WIECKOWSKI, SENIOR VICE PRESIDENT OF GIRARD TRUST BANK OF PHILADELPHIA, HAS REPORTED TO EMBASSY THAT MANAGEMENT OF BANK HANDLOWY IS "OUTRAGED" OVER SUSPENSION OF EXIM BANK ACTIONS AND MANNER IN WHICH IT HAS BEEN HANDLED.

2. ACCORDING TO WIECKOWSKI, WHO HAD LENGTHY MEETING WITH PRESIDENT ROMAN MALESA AND OTHER BANK HANDLOWY OFFICIALS ON MARCH 16, POLES ARE SAYING THAT REFUSAL OF EXIM TO TAKE ACTION ON CREDITS FOR WHICH LOAN AGREEMENTS HAVE ALREADY BEEN SIGNED AMOUNTS TO BREACH OF INTERNATONAL LAW, AND
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THAT THEY MAY BE FORCED TO SUE US GOVERNMENT. BANK

HANDLOWY OFFICIALS ALSO PRESSED WIECKOWSKI ON WHAT GIRARD BANK WILL DO TO HONOR ITS OBLIGATIONS UNDER LOAN AGREEMENT FOR \$43 MILLION FOUNDRY PROJECT TO BE BUILT BY SWINDELL-DRESSLER COMPANY OF PITTSBURGH. LOAN AGREEMENT FOR THIS PROJECT IS ONE OF NUMBER WHICH HAVE BEEN SIGNED BUT FOR WHICH CREDIT HAS NOT YET BECOME OPERATIVE. (ON MARCH 15, IN RESPONSE TO BANK'S QUESTIONS, EMBASSY PROVIDED BANK HANDLOWY WITH INFORMATION CONTAINED REF B. BANK OFFICIAL COMMENTED THAT SITUATION WAS WORSE THAN THEY HAD THOUGHT SINCE FREEZE ALSO BEING APPLIED TO CREDITS WHICH ALREADY ARE APPROVED AND FOR WHICH LOAN AGREEMENTS SIGNED.)

3. BANK HANDLOWY OFFICIALS WERE SAID TO HAVE TOLD WIECKOWSKI THAT FREEZE IS CAUSING SEVERE PROBLEMS FOR THEM WITHIN POLISH GOVERNMENT, PARTICULARLY WITH THOSE CIRCLES WHICH HAD BEEN RELUCTANT A FEW YEARS AGO TO RESUME CREDIT ARRANGEMENTS WITH THE EXIM BANK. BANK HANDLOWY OFFICIALS SAID REPORTS WERE BEGINNING TO CIRCULATE THAT USG HAD TAKEN ITS ACTION FOR "POLITICAL REASONS". MEANWHILE, POLISH INDUSTRIAL MINISTRIES HAVE BEGUN TO ASK BANK WHETHER CONTRACTS WITH US COMPANIES SHOULD NOT BE RENEGOTIATED WITH SUPPLIERS FROM OTHER COUNTRIES.

4. WIECKOWSKI SAID BANK HANDLOWY SEEMS TO BE ESPECIALLY STUNG BY FACT THAT IT HAS NOT RECEIVED SINGLE WORD OF DIRECT COMMUNICATION FROM EXIM BANK, WHICH IS PARTY TO CONTRACTS.

5. WIECKOWSKI IS TRAVELING TO BELGRADE ON MARCH 18 FOR MEETINGS WITH YUGOSLAV BANKERS, WHICH ALSO HAD BEEN ARRANGED PRIOR TO EXIM FREEZE. HE SAID HE EXPECTED TO RECEIVE SIMILAR REACTION THERE.

6. EMBASSY RECOMMENDS THAT, IF IT HAS NOT ALREADY BEEN DONE, ACTING CHAIRMAN OF EXIM BANK OR OTHER SENIOR EXIM OFFICIAL SEND IMMEDIATE, BRIEF MESSAGE TO PRESIDENT MATOSA OF BANK HANDLOWY, AND PERHAPS TO BANKS IN OTHER COUNTRIES AFFECTED AS WELL, ADVISING -- TO EXTENT POSSIBLE -- ON PRESENT STATUS OF SITUATION. MESSAGE COULD BE SENT THROUGH THIS EMBASSY, BY DIRECT TELEX OR VIA POLISH EMBASSY IN LIMITED OFFICIAL USE

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WASHINGTON. IN ANY CASE, WE WOULD APPRECIATE BEING ADVISED OF ACTION TAKEN.

DAVIES

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Disposition Date: 28 MAY 2004
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